

Message Text

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TO AMEMBASSY BONN

USMISSION BERLIN

INFO AMEMBASSY LONDON

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E.O. 11652: N/A

TAGS: ETRN- WB, GW

SUBJECT: MAT APPROACH ON BERLIN CHARTER TRAFFIC

REF: STATE 155539, AUGUST 1973.

1. MODERN AIR TRANSPORT'S WASHINGTON ATTORNEY, ROBERT HAUSMAN, RECENTLY MADE PERSONAL AND WRITTEN REQUESTS TO DEPARTMENT (EUR/CE) TO CONSTRAIN PANAM FROM ENTERING BERLIN CHARTER SERVICE IN MAJOR WAY. MAT APPROACH APPARENTLY TRIGGERED BY PANAM INITIATIVE TO BID AGAINST MAT FOR MAJOR BERLIN CHARTER CONTRACTS.

2. HAUSMAN STRESSED VALUE TO US OF HAVING SECOND AMERICAN FLAG CARRIER IN BERLIN AND IMPORTANCE TO BERLIN MORALE OF HAVING RELIABLE, CONVENIENT CHARTER CONNECTIONS WITH MAJOR EUROPEAN SUNSPOTS. HE INDICATED MAT COULD GET FIFTH FREEDOM RIGHTS WITHOUT RAISING SAME KIND OF RECIPROCITY PROBLEMS WHICH COME UP WITH PANAM. HAUSMAN ADDED THAT,

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WHILE PSMAT MORE EFFICIENT THAN PANAM IT COULD, IF IT

CHOSE TO DO SO, EASTLY PUT MAT OUT OF BUSINESS BY SELLING BELOW COST. SINCE PANAM MIGHT NOT REMAIN IN BERLIN SHORTER BUSINESS IF OVERALL AVIATION PICTURE BRIGHTENS, EVENTUAL RESULT OF MAT'S DISAPPEARANCE COULD BE ABSORPTION OF ENTIRE BERLIN CHARTER SERVICE BY FOREIGN FLAG AIRLINES.

3. DEPTOFF NOTED THAT PANAM PRESENTLY IN MORE DIFFICULT FINANCIAL SITUATION THAN LAST YEAR AND HAS LEGITIMATE RIGHT TO SEEK ADDITIONAL MARKETS. MOREOVER, DEPARTMENT

WOULD NOT WISH REGULATE LEGITIMATE COMPETITION BETWEEN TWO US CARRIERS. DEPARTMENT, HOWEVER, RECOGNIZES MAT'S LEGITIMATE INTERESTS AND SEES VALUE IN HAVING SECOND AMERICAN CARRIER IN BERLIN, AND WOULD DISCUSS ISSUE WITH PANAM.

4. IN SUBSEQUENT TALKS WITH PANAM (GROSSMAN) ON ANOTHER MATTER, DEPTOFF RAISED BERLIN CHARTER MARKET, AND REVIEWED US POSITION ALONG SAME LINES DEVELOPED LAST YEAR (REFTEL). GROSSMAN SAID HE UNDERSTOOD AND WOULD RESPECT US POSITION. HE DOUBTED IN ANY CASE THAT PANAM COULD UNDERBID MAT FOR BERLIN CHARTER SERVICE.

5. CONTENTS OF DEPARTMENT'S DISCUSSION WITH PANAM HAVE BEEN CONVEYED INFORMALLY TO HAUSMAN. IT MAY BE DRAWN UPON SHOULD MAT REPS RAISE ISSUE WITH ACTION ADDRESSEE, BUT SHOULD NOT BE DISCUSSED IN BROADER FORUM. RUSH

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